

CLASSIFICATION ~~CONFIDENTIAL~~
Approved For Release 2001/03/05 : CIA-RDP82-00457R0024002
CENTRAL INTELLIGENCE AGENCY REPORT NO. [REDACTED]

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INFORMATION REPORT

CD NO.

COUNTRY Argentina

DATE DISTR. 28 Feb 1949

SUBJECT Juan Cersosimo's Comments Concerning Mismanagement
in IAPI and the Central Bank

NO. OF PAGES 12

PLACE 25X1A

NO. OF ENCLS.
(LISTED BELOW)

ACQUIRED [REDACTED]

DATE OF INFO [REDACTED]

25X1X

SUPPLEMENT TO
REPORT NO.

The following comments on the Argentine Institute for the Promotion of Trade (IAPI) and the Central Bank were made by Juan Cersosimo, chief of the Seccion Colonizaciones (colonization section) of the Banco de la Nacion. Cersosimo also serves as a confidential adviser to the Central Bank and to Mario Martinez Casas, the new head of the Banco de la Nacion, and is a government bank inspector who collaborates with intelligence agencies of the Federal Police. Cersosimo was assigned to inspect conditions at IAPI and has recently returned from Paraguay where he was sent by President Peron to study economic conditions.

1. IAPI is one of the greatest mistakes the Argentine government has made. A four-month investigation of IAPI's activities by government inspectors has produced sufficient evidence of stealing and mismanagement to warrant imprisonment or discharge of almost all its officers and employees.
2. Cersosimo cited the following examples to substantiate his statement regarding conditions in IAPI:

- a. Some time ago IAPI contracted for the purchase of United States potatoes valued at 35 million pesos for delivery within three months. Delivery was made much sooner than expected and the whole lot was allowed to spoil and had to be dumped into the Riachuelo river (a small river running along the southeastern limits of the city of Buenos Aires). The municipality complained that the Riachuelo had been blocked, and IAPI spent an additional 350,000 pesos to clear the river.
- b. Through IAPI, the Argentine government lost approximately ten million pesos in the purchase of 87,000 jeeps. Army guards had been posted to watch them, but it later developed that the guards themselves were selling vital parts of the jeeps, which were thus rendered worthless.
- c. A recent investigation of the New York branch office of IAPI disclosed evidence of misappropriation of funds. Its officials rarely went to their offices, and spent large sums in entertaining and in acquiring luxurious residences.


Document No. 09
NO CHANGE in Class. ☐
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CLASS. CHANGED TO: TS S C
DDA Memo, 4 Apr 77
Auth: DDA REG. 74/1763
Date: 10/05/78 By: 029

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3. Conditions at the Central Bank are not much better. The bank, which lacks proficient personnel, has been used as a training school for young people learning the banking profession. Until recently the Central Bank policies were influenced by nationalists who were oriented toward Europe and Latin American rather than the United States. However, this condition has been changed and it is now considered expedient to deal with the United States and England.
4. Peron has claimed that Argentina does not have competent bankers to solve the serious economic situation.

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